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C O N F I D E N T I A L TAIPEI 001450

SIPDIS

E.O. 12958: DECL: 12/09/2019
TAGS: [PGOV](#) [KDEM](#) [TW](#)
SUBJECT: SENIOR OPPOSITION ADVISOR SLAPPED WITH CORRUPTION
CHARGES

REF: TAIPEI 1437

Classified By: AIT Director William Stanton for reasons 1.4 (b/d)

¶1. (C) Summary: Bikhim Hsiao, international affairs director for the opposition Democratic Progressive Party (DPP), has become the latest party figure accused of being entangled in the corruption investigation of former President Chen Shui-bian. A shocked Hsiao confirmed to PolOff on December 9 that the Special Investigation Division within Taiwan's Supreme Prosecutor's Office had summoned her to appear in court on December 11 as a defendant on corruption charges. Hsiao pointed out that the charges came on the heels of the DPP's solid performance in local elections, hinting that the two events might be linked. End summary.

¶2. (C) DPP International Affairs Director Bikhim Hsiao confirmed to PolOff on December 9 that Taiwan's Special Investigation Division (SID) had issued her a summons requiring her to appear in court as a defendant on corruption charges on December 11. Hsiao was shocked by the charges in the "criminal notice" that she received yesterday. It was interesting, she noted, that the notice was dated December 7, just two days after the DPP's strong performance in local elections (refTel). Hsiao intimated that the timing of the charges may have been part of a KMT effort to dampen the morale boost the elections gave the DPP and to check its momentum heading into next year's elections in Taiwan's major urban areas. Hsiao also was surprised that she was being summoned as a witness and was issued a criminal notice, which meant that she could be arrested if she did not appear in court. Usually, she said, courts first called people in as witnesses for questioning and only later brought them back as defendants. Hsiao said she was preparing for the worst, in the event the court ordered her to be detained immediately after the hearing.

¶3. (C) The notice, which Hsiao shared with PolOff, contained little information about the actual charges. After several attempts to get more information from the SID, an official informed her that she and former National Security Council Deputy Secretary General Liu Shyh-fang (now an advisor to Kaohsiung Mayor Chen Chu) had been accused of helping former President Chen Shui-bian launder and wire money from Washington to Taipei. Hsiao speculated that the charges stemmed from allegations made by KMT Legislator Chou Yi last January, which, she insisted, involved the legitimate handling of the closure of the DPP's Wachovia Bank account in Washington. Hsiao explained that the DPP had regularly wired money to its office in Washington until that office closed in ¶2000. Although the office closed, the account was not and lay dormant for several years. In 2007, the DPP received notice that the USG would seize the money in the dormant account. Upon consulting with then-DPP Chairman Chen Shui-bian, it was decided that money should be sent back to

DPP headquarters in Taipei. Liu already had a trip to Washington planned so she was tasked to close the account. Chen wrote a letter giving Liu and Hsiao authorization to handle the account. Liu then closed the account and wired the \$30,000 left in the account back to DPP headquarters. Hsiao claimed the DPP had a transaction receipt.

¶4. (C) The charges against Hsiao have attracted some media attention and Hsiao noted that several journalists knew about the notice and charges before she did. She claimed SID was leaking information to the press and said some journalists, including one from Apple Daily, had caught her off guard and called her to ask about the charges even before she had received the notice.

STANTON